

**The Economic Development Corporation of
the Charter Township of Meridian
(a Component Unit of the
Charter Township of Meridian)**

**Financial Report
December 31, 2003**

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The Economic Development Corporation of the Charter Township of Meridian

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Independent Auditor's Report

To the Board of Directors
The Economic Development Corporation of
the Charter Township of Meridian

We have audited the accompanying basic financial statements of The Economic Development Corporation of the Charter Township of Meridian (a component unit of The Charter Township of Meridian), as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of The Economic Development Corporation of the Charter Township of Meridian's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Economic Development Corporation of the Charter Township of Meridian as of December 31, 2003, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Economic Development Corporation of the Charter Township of Meridian has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related statements as of January 1, 2003.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

Plante & Moran, PLLC

April 30, 2004

The Economic Development Corporation of the Charter Township of Meridian

Balance Sheet/Statement of Net Assets December 31, 2003

	Balance Sheet - Modified Accrual	Adjustments	Statement of Net Assets - Full Accrual
Assets			
Cash (Note 3)	\$ 9,685	\$ -	\$ 9,685
Investments (Note 3)	<u>109,706</u>	-	<u>109,706</u>
Total assets	<u><u>\$ 119,391</u></u>	-	119,391
Fund Balance - Unreserved	<u><u>\$ 119,391</u></u>	<u>(119,391)</u>	
Net Assets - Unrestricted		<u><u>\$ 119,391</u></u>	<u><u>\$ 119,391</u></u>

The Economic Development Corporation of the Charter Township of Meridian

Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended December 31, 2003

Revenue

Issuer fees	\$ 10,000
Interest	<u>1,898</u>

Total revenue 11,898

Expenditures

Administrative (Note 5)	10,000
Dues	200
Meetings and conferences	3,600
Professional services	1,000
Miscellaneous	<u>4</u>

Total expenditures 14,804

Change in Fund Balance/Net Assets (2,906)

Fund Balance/Net Assets - Beginning of year 122,297

Fund Balance/Net Assets - End of year \$ 119,391

The Economic Development Corporation of the Charter Township of Meridian

Statement of Cash Flows Year Ended December 31, 2003

Cash Flows From Operating Activities

Operating loss	\$ (4,804)
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Cash Flows From Investing Activities

Interest on investments	1,898
Net change in short-term investments	<u>(1,860)</u>

Net cash provided by investing activities	<u>38</u>
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Net Decrease in Cash	(4,766)
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Cash - Beginning of year	<u>14,451</u>
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Cash - End of year	<u><u>\$ 9,685</u></u>
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The Economic Development Corporation of the Charter Township of Meridian

**Notes to Financial Statements
December 31, 2003**

Note 1 - Organization

The Corporation is organized pursuant to the State of Michigan, Public Act 338 of 1974, as amended and is a nonstock, nonprofit corporation. The primary purpose of the Corporation is to encourage and assist commercial enterprises to locate and expand facilities and services in the Township and to its residents. This purpose is accomplished by the Corporation aiding and assisting commercial enterprises in securing bond financing and applying for tax abatements. Its intent is to utilize its retained earnings for economic development activities. Members of the Board of Directors of the Corporation are appointed by the officers of the Corporation with the advice and consent of the Charter Township of Meridian Township Board.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the Corporation conform to accounting principles generally accepted in the United States of America as applicable to local governmental units. The following is a summary of the more significant policies:

Reporting Entity

The Economic Development Corporation of the Charter Township of Meridian is a component unit of the Charter Township of Meridian. Its financial statements are included in the Township's basic financial statements because the majority of the governing body is appointed by the Township.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenue and expenses are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Corporation uses the accrual basis of accounting. Its revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Issuer Fees - The Corporation has adopted a policy of charging application and service fees on projects that it has assisted in obtaining bond financing under Public Act 338. These fees are to help cover the Corporation's operating costs.

The Economic Development Corporation of the Charter Township of Meridian

**Notes to Financial Statements
December 31, 2003**

Note 2 - Summary of Significant Accounting Policies (Continued)

Services Provided by the Charter Township of Meridian - The Charter Township of Meridian has agreed to aid the Corporation in meeting the expense of its economic development activities by providing office space and utilities at no cost to the Corporation. The cost of these services and the value contributed by the Township is not reflected in these statements.

Change in Accounting - During the current year, the Corporation adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Note 3 - Cash and Investments

The cash and investments of the Corporation consist of bank deposits of \$119,391 at December 31, 2003. The deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits-in-transit) at \$119,391. At December 31, 2003, \$109,685 was covered by federal depository insurance and \$9,706 was uninsured and uncollateralized. The Corporation believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Corporation evaluates each financial institution it deposits Corporation funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 4 - Conduit Debt Obligations

From time to time, the Economic Development Corporation issues Limited Obligation Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed. The resulting debt of the developers is serviced directly by the financial institution. Neither the Corporation nor Township nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The Economic Development Corporation of the Charter Township of Meridian

Notes to Financial Statements December 31, 2003

Note 4 - Conduit Debt Obligations (Continued)

The following information is provided solely for the Michigan Municipal Finance Commission as required under the provisions of Public Act 2 of 1968 and Public Act 202 of 1943, as amended. The Economic Development bonds consist of:

	Interest Rate	Date of Maturity	Amount of Annual Maturity	Principal Outstanding
Date of issue - June 29, 1989, amount of issue - \$4,000,000	9 5/8%	7-1-2013	Varying	\$ 1,120,000
Date of issue - June 6, 1996, amount of issue:				
\$17,460,000	Floating	7-1-2019	Varying	15,080,000
\$2,250,000	Floating	7-1-2019	Varying	<u>2,250,000</u>
Total				<u>\$ 18,450,000</u>

Note 5 - Related Party Transactions

The Corporation reimburses the Charter Township of Meridian for salaries and certain other direct expenses paid by the Township. Total amount of reimbursed expenses paid to the Township was \$10,000 for the year ended December 31, 2003.

The Economic Development Corporation of the Charter Township of Meridian

**Notes to Financial Statements
December 31, 2003**

Note 6 - Risk Management

Risk Management - The Corporation is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Corporation has purchased commercial insurance for medical benefits claims, and participants in the Michigan Municipal Liability and Property Pool (risk pool) for claims relating to property loss, torts, and errors and omissions; and participates in the Michigan Municipal Workers' Compensation Fund (risk pool) for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The risk pool programs operate as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.